

CA30NHWL14
78H16TR

Regional Municipality of
Hamilton-Wentworth
Review Commission
LTransportation Services Component

IBI Group

February 1978

HAMILTON PUBLIC LIBRARY
REFERENCE COLLECTION



JUN 1 - 1979

COPY /

February 24, 1978



40 University Ave.
6th floor
Toronto, Ontario
M5J 1T1
(416) 862-0450

Mr. Henry Stewart, B.A.
Chairman
The Hamilton-Wentworth Review Commission
Suite 807, Union Gas Building
20 Hughson Street South
Hamilton, Ontario
L8N 2A1

Dear Mr. Stewart:

Transportation Services Review

We are pleased to submit our final report outlining our analysis of the impact of regionalization on the efficiency and effectiveness of delivering transportation services in the Hamilton-Wentworth Region.

The report contains five sections. The first section presents a summary of our findings and recommendations. The remaining sections describe in more detail the extent to which regionalization impacted transportation services and investigate a number of different government structures from a viewpoint of the efficient and effective delivery of transportation services. Our analysis included roads, public transit, parking, taxi and airport services in the Region.

The information presented in this report has been obtained through questionnaires and personal interviews with several municipal and provincial government staff and elected representatives over the course of the study. We would like to express our appreciation to these people for taking the time to assist us in our task.

We hope that this report will be useful to the Review Commission in its deliberations and we would be pleased to participate with you in further discussion, should it be necessary.

Yours very truly

IBI GROUP

R. A. McNally
R. A. McNally
Director

RAM/cs
Encl.



Digitized by the Internet Archive
in 2023 with funding from
Hamilton Public Library

<https://archive.org/details/hamiltonwentwort00onta>

REGIONAL MUNICIPALITY OF HAMILTON-WENTWORTH REVIEW COMMISSION

TRANSPORTATION SERVICES COMPONENT

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INTRODUCTION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS</u>	1
Findings and Recommendations - Roads	2
Public Transit Services	8
Taxi Services	12
Hamilton Civic Airport	14
Parking	15
Evaluation of Alternative Government Structures	17
Recommendations Regarding Improvements	19
<u>I - DESCRIPTION OF TRANSPORTATION SYSTEMS</u>	I-1
Introduction	I-1
Public Transit Services	I-2
Road Systems	I-8
Hamilton Civic Airport	I-10
Taxi Service	I-12
Parking	I-14
<u>II - ECONOMIC ANALYSIS OF TRANSPORTATION COSTS AND SERVICES</u>	II-1
Introduction	II-1
Road Cost Analysis	II-3
Public Transit Cost Analysis	II-6
Summary of Cost Impacts	II-8
<u>III - OPTIMAL GOVERNMENT SIZE FOR TRANSPORTATION SERVICE DELIVERY</u>	III-1
Road Traffic Control	III-1
Road Engineering and Planning	III-3
Road Maintenance	III-4
Public Transit Operations	III-5
Taxi Services	III-6
Hamilton Civic Airport	III-7
Parking	III-8
Summary	III-8

LIST OF CONTENTS (continued)

	<u>PAGE</u>
IV - RECOMMENDATIONS FOR MUNICIPAL GOVERNMENT STRUCTURE FOR OPTIMUM TRANSPORTATION SERVICE DELIVERY	IV-1
Option 1 - Former County System	IV-2
Option 2 - One Municipality	IV-3
Option 3 - Six Municipalities (Single Tier)	IV-3
Option 4 - Enlarged City and Former County.	IV-4
Option 5 - One Expanded Urban and One Rural Municipality. .	IV-5
Option 6 - Present System	IV-5
 <u>LIST OF EXHIBITS</u>	<u>Opposite Page</u>
Evaluation of Alternative Government Structures	17
Exhibit 1 - Status of Public Transit Services	I-3
Exhibit 2 - Public Transit Services Statistics	I-5
Exhibit 3 - Costs of Public Transit Service	I-6
Exhibit 4 - Public Transit Deficit	I-7
Exhibit 4A- Anticipated Municipal Contributions	I-8
Exhibit 5 - Regional & Local Road Statistics	I-8
Exhibit 6 - Cost of Road Systems	I-9
Exhibit 7 - Road Cost Ratios	I-10
Exhibit 8 - Hamilton Civic Airport Costs & Revenues	I-11
Exhibit 9 - Licensed Taxicabs by Municipality	I-13
Exhibit 10 -Comparative Statistics - Transit Properties . .	II-8
Exhibit 11 -Evaluation of Government Structures	IV-1

HAMILTON-WENTWORTH REVIEW COMMISSION

TRANSPORTATION SERVICES COMPONENT

INTRODUCTION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS

The purpose of this report is to present a description and analysis of the provision of transportation services including transit, roads, parking, airports and taxicabs in Hamilton-Wentworth Region, and to evaluate the effects on those services of the re-structuring of local government and legislation governing local government, which came into effect on January 1, 1974.

Our mandate for this study included four basic areas of analysis.

- First, we were to examine and then describe the provision of transportation services in the Region both before and after government reorganization. In Section I of this report, we describe the delivery of transportation services before and after regional government and present an examination of the level of government responsible for the various programs.
- In Section II of this report, we present the results of our cost and service investigation. This material is presented in such a way as to show that amount of increase which is attributable to the general increase in prices due to inflation, and the increase brought about due to either the new form of government or the provision of higher levels of service.
- Our third area of investigation was to centre on the appropriate scale of delivery of the various types of transportation services. Section III of this report attempts to draw some tentative conclusions concerning which size of governmental unit is best suited, in terms of both political responsiveness and economic efficiency, to the delivery of the different types of transportation services we have investigated in the Region.
- Our final instruction was to then use the results of these three areas of analysis to make a set of recommendations as to the optimum form of government structure for delivery of transportation services within the

Region, both efficiently and in a way that ensures political accountability. Section IV of the report evaluates the possible forms of municipal structure as outlined in the Review Commission's "Issues for Review" paper and makes conclusions as to their relative merit with respect to transportation services.

The remaining portion of this section summarizes the findings and recommendations presented in Sections I -IV. Each of the five transportation functions examined is described in terms of the service characteristics, the decision-making process, impact of Provincial policies, changes as a result of Regional Government, and the government structure that, in our view, best fits with the scale of transportation service. The last section of this Summary presents an evaluation of the six government structures being investigated by the Review Commission.

FINDINGS AND RECOMMENDATIONS - ROADS

Description of Service

The road system in the Region of Hamilton-Wentworth consists of local roads and arterial roads under the jurisdiction of the local and regional governments, respectively, and highways under the jurisdiction of the Province. The road services consist of road engineering services, that is the planning, design and construction of roads; road maintenance services, which include such things as cleaning, patching and snow removal; and traffic control which includes installation and maintenance of the traffic signal system, pavement markings, signings, etc.

The Provincial roads generally provide inter-regional service; the arterial roads provide service between the neighbourhoods and districts

within and across the area municipalities; local roads generally provide connection between the arterial roads and the various land uses.

The arterial roads are for the most part within the jurisdiction of the Region of Hamilton-Wentworth, while the local roads are under the jurisdiction of the respective area municipalities. The Region is responsible for engineering, maintenance and traffic control on all of its roads. Engineering services are provided by Regional staff, while maintenance of Regional roads in the City of Hamilton is provided by the City of Hamilton Streets and Sanitation Department and traffic control on all Regional roads is provided by the City of Hamilton Traffic Department. The Region maintains Regional roads outside of the City of Hamilton.

The local roads are maintained by the Works Departments of the respective area municipalities. Engineering services on the local roads in the City of Hamilton are provided by the City of Hamilton Engineering Department, while engineering required on local roads in the other area municipalities is provided either by the municipality's Works Department or through consultants. Traffic control services are largely provided by the City of Hamilton for all levels of government in the Region.

Responsibility and Control

The Regional Engineering Committee of Regional Council is responsible for identifying the construction and maintenance work and preparing programs and budgets for engineering, maintenance and traffic control service required for Regional roads.

A similar process is established in the area municipalities for planning, programming and budgeting of engineering, maintenance and traffic control work for local roads, through the Public Works Committees of the respective area municipal councils.

Provincial Impact

The Province provides financial assistance to the area municipalities and the Regional Government for the construction of local and regional roadways. The Province has established methods for determining construction work required in each municipality and provides financial assistance for a portion of these works each year calculated for all municipalities in the Province in an amount reflecting the availability of overall Provincial funds. Over the past few years, funds have been available to carry out approximately 45% of the approved road construction work ; construction work carried out by the municipality in excess of the approved annual amounts does not generally qualify for the full provincial subsidy. Through this program, the Province has effective control on the expenditure levels for local and Regional roads.

The Province also provides assistance to the municipalities to maintain the road systems. These subsidies generally amount to approximately 50% of the maintenance work, with the exception that some non-roadway items do not qualify e.g. sidewalks, and the rate is higher for certain roadways which are important to the Provincial road system (these are called "connecting links").

Impact of Regionalization

Prior to regionalization, the County and Suburban Road Commission was responsible for the engineering and maintenance of approximately 190 miles of arterial roads in the County outside of the City of Hamilton. All other roads in the Region, except Provincial highways, were under the jurisdiction of the respective area municipalities.

As a result of regionalization, the County and Suburban Road System was transferred to the Region to become the Regional Road System, while the remaining roads in the area municipalities outside of the City of Hamilton were retained by the new municipalities which were formed as a result of regionalization. Regionalization resulted in the consolidation of eleven area municipalities outside of the City of Hamilton into five area municipalities each with its own road maintenance function.

The transfer of the arterial roads in the City of Hamilton to the Region was not effected until 1977. The delay in the transferral of the roads to the Region was largely a result of extended negotiations among the City, Region and the Province regarding the assumption of the significant outstanding debt on the City of Hamilton roads to be transferred. Through this agreement, the Province provided transitional grants to the Region to reduce the impact of the debenture costs to the area municipalities. This grant amounted to approximately 5.4 million dollars.

Through the regionalization of roads in Hamilton, a shift of approximately 6 million dollars of road expenditure is expected in 1978 from the City to the Region. Through the agreement, the City of Hamilton will retain

its road maintenance and traffic control staff to provide services for its own roads as well as for the Regional roads in the City. However, transferal of City staff from its Engineering Department to the Regional Engineering Department in proportion to the shift in roads has not taken place, which could conceivably result in inefficiencies and diseconomies in both departments until the staff levels are adjusted to correspond to the road systems.

Following is a summary of some of the important impacts of regionalization on the road system:

- Firstly, it should be noted that the City of Hamilton and the Region of Hamilton-Wentworth have demonstrated considerable restraint in the expenditure on roads, despite some increases in costs through the transferral of the County system to the Region. Expenditures in Hamilton and in the Region are less than expenditures in most other medium sized municipalities, by as much as 50%. No doubt the level of expenditure will need to rise somewhat in the future if transportation service is to keep pace with development.
- The costs per mile of road for Regional roads appear to have increased at a rate greater than the rate of inflation in the period 1972-76, due to the Region assuming the City of Hamilton's wage/benefit package which was more costly than the wage/benefit package of the County, and due to a higher level of planning, engineering and maintenance standards for Regional roads compared to the former County system.
- Flamborough, Glanbrook and Dundas have shown significant increases in expenditures on roads over the period 1972-76, but this has not been due to regionalization, rather it was a decision by the area municipalities to carry out road works which did not qualify for a full MTC subsidy.

Optimal Government Structure For Road Services

Our analyses were firstly directed at investigating the size of the government structure that best suits the transportation services in terms of efficiency of delivering the service, and responsiveness of the government structure to the needs of the local citizens. Based on this, we then

evaluated the six government structure options being considered by the Review Commission from a transportation perspective to assess whether the government structure should be changed or whether the existing system should be retained, possibly with improvements.

Our investigation has shown that easy generalizations concerning the best size government units are not possible. Firstly, efficiency of delivering service often benefits by large scale operations, while responsiveness to local citizens' needs is largely achieved through smaller units. Clearly these two objectives are opposed. Secondly, the many road functions vary substantially in scale and extent of service, with the result that the various transportation functions may be best provided by different government structures.

Road planning and engineering is an example of a transportation service which embodies two scales. In our view, it is essential that the planning and engineering functions for regional-scale roads be coordinated by a region-wide agency, such as the Regional Engineering Department. It is also essential that the planning and design of the local roads be the responsibility of the lower tier municipalities to ensure that standards are appropriate to the local traffic levels and environment. Such a bifurcated administrative unit for the delivery of road engineering services fits most naturally with a two-tier government unit.

The installation and maintenance of traffic control devices primarily relates to arterial roads and is, therefore, a region-wide service which should have one unified administrative unit. This function could be the

responsibility of either a one-tier or a two-tier government structure. Under the two-tier structure, this would suggest that the traffic control function presently provided by the City of Hamilton should be put directly under the Region.

Although levels of road maintenance services are different on regional and local roads, road maintenance is a function which requires similar procedures and equipment for both local and Regional roads and benefits little from economies of centralization. This would indicate that road maintenance services can function efficiently and effectively regardless of whether the government structure is one-tier or two-tier.

PUBLIC TRANSIT SERVICES

Description of Services

Public transit services in the Region comprise the Hamilton Street Railway and the Canada Coach Lines. The Hamilton Street Railway provides urban-type transit service to the City of Hamilton and several of the adjacent municipalities, including Burlington. The Canada Coach Lines provides inter-urban service within the Niagara Peninsula and points beyond.

Ownership and Control

The Hamilton Street Railway and its wholly owned subsidiary Canada Coach Lines is owned by the Region of Hamilton-Wentworth as a result of the transfer of shares early in 1977 from the City of Hamilton to the Region. The transit operation is controlled by the Hamilton-Wentworth Transit Commission which consists of ten Regional Councillors appointed by the Regional Council.

Provincial Impact

The two principal ways in which Provincial policy impacts the provision of transit services are through operating subsidies and through the regulatory powers of the Ontario Highway Transport Board.

In 1973, the Province initiated a program to provide operating subsidies to transit properties in Ontario. The formula has been changed several times since its inception, and has amounted to an effective subsidy of 15-20% of the total operating costs. The remaining deficit, which has ranged from 20-30% of the total operating costs over the past few years, has been borne by the City of Hamilton. The effect of the Provincial subsidy program has been to permit municipalities to postpone fare increases, which unfortunately has resulted in escalating municipal deficits, and to expand services or at least defer cutback in services. The Province has recently changed the subsidy formula from a portion of the operating deficit to a portion of the approved operating cost which should provide greater incentives to municipalities to operate efficient transit services and set realistic and responsible fare structures.

The Ontario Highway Transport Board reviews and makes recommendations to the Minister of Transportation and Communications regarding the issuing of licenses to operate public vehicles outside of urban areas. Currently the OHTB regulates transit routes crossing the City of Hamilton boundary, although the act creating the Region stipulates that the OHTB should delegate regulatory powers to the Region within the Urban Transit Service Area. The recommended UTSA includes the City of Hamilton and the surrounding urbanized area; however, these boundaries have not yet been

ratified by the Minister of Transportation and Communications, with the result that Canada Coach Lines must continue to operate certain services outside of the UTSA which are incurring substantial deficits, or run the risk of losing the license to operate along these routes in future.

Impact of Regionalization

The transfer of the ownership of the Hamilton Street Railway and its subsidiary Canada Coach Lines to the Region has had little or no impact on the level of service or the costs of transit operation to date. Operating costs have risen generally at the rate of inflation and the total direct costs per passenger in 1976 for the Hamilton Street Railway were generally less than but very similar to costs per passenger in Ottawa, Windsor and Oshawa.

Regionalization has had an impact, however, in the allocation of the operating deficit for the transit system. Prior to regionalization, the City of Hamilton assumed the full cost of the deficit incurred by the transit system, excluding the contribution from the Province. This continued through to early 1977 when the Region took over the transit system and now the deficit incurred by the HSR is allocated to the municipalities according to the proportion of the deficit incurred in each. The Province has agreed to provide declining transitional grants to the area municipalities, except Hamilton, to provide assistance in funding this deficit. This means that the City of Hamilton has benefitted as a result of spreading the deficit over the neighbouring municipalities, and the neighbouring municipalities are benefitting temporarily from the Province's transitional grant towards the operating deficit.

The operation of Canada Coach Lines has been less profitable. In the period 1973-76, an 18% drop in passengers has been experienced, accompanied by a 47% increase in operating costs, primarily in the non-payroll cost areas. Prior to regionalization, the deficit was borne by the City of Hamilton entirely, until 1976 when the Province extended its urban transit assistance policy to include some of the CCL routes. As a result of regionalization, the area municipalities in the Region being served by CCL will be charged the deficit directly, while the deficit incurred outside the Region will be allocated to the area municipalities in the Region on an equalized assessment basis. This means that the deficit which was formerly borne by the City of Hamilton will be partially transferred to the other area municipalities in the Region.

Optimal Government Structure for Transit Services

Transit is a region-wide service and the level of service and cost efficiencies tend to improve with size, at least up to the scale experienced in Hamilton-Wentworth. From a cost efficiency viewpoint, we have concluded that the large investment in equipment and the complicated problems of coordination of service across a large area dictate that public transit have a region-wide administrative unit with a unified management structure and staff.

The responsiveness question must be viewed from a regional transportation policy perspective as well as from the local need perspective. Under the present system, we found that the area municipalities outside of the City of Hamilton are tailoring local service to fit with local

needs of the area municipalities, considering heavily the costs of their local transit services since they are responsible for the local deficits generated by these services. In the City of Hamilton where the deficit is borne by the City on an equalized assessment basis, the extent of service is determined by the transit management through monitoring traffic levels as well as responding to local request. However, if the transit services are to play an important role in the total regional transportation policy, the Regional Government has to be responsible for establishing routes and transit service levels. Accordingly, it is our opinion that transit should be administered on a region-wide basis, as at present. Further the present process through which the area municipalities contract transit services from the Region should be replaced by a system in which the Region determines level of service within the context of a regional transportation policy, and the costs are borne by the taxpayers within the service area on the basis of some combination of equalized assessment and level-of-service.

TAXI SERVICES

Description of Service

Taxi services in the Region are provided by private operators under licenses granted by the area municipalities. The City of Hamilton has approximately 220 licensed taxicabs, while the other municipalities have either no licensed taxicabs, as in the case of Ancaster and Glanbrook, or varying numbers between 2 and 21 as in the other three municipalities. The taxi operation is not a tax burden to the area municipalities, and in fact is a revenue item as a result of the licensing fees.

Impact of Regionalization

Prior to regionalization, taxi licenses were issued by the area municipalities and enforced by the police department in the area municipality. Since the transfer of the policing function to the Region, the responsibility for enforcing the by-law has stayed with the area municipalities and this has been effected generally through the by-law enforcement departments. There have been a number of complaints that by-law enforcement is ineffective without the support of the Regional Police.

Taxi services are predominantly local in nature although there is some inter-municipal service provided on demand. There are some restrictions on licensed taxicabs from one municipality operating in another municipality, which create some problems and inefficiencies for inter-municipal services.

Optimal Government Structure for Taxi Services

Clearly, the taxi by-law enforcement and the problems of restricted taxi services across municipal boundaries would be resolved if the taxi operation were administered at the regional scale. However, it is recognized that taxi services are to a great extent a local function and, secondly, that many taxi operators in Hamilton in particular have substantial investment in taxi licenses. Accordingly, we are suggesting a bifurcated administrative structure in which the establishment of taxi by-laws and enforcement would be the responsibility of the upper tier government while the issuing of taxi licenses would be the responsibility of a lower tier government with appropriate controls and extra-licensing powers resting with the upper tier municipality. This arrangement tends to favour the

two-tiered government structure, but it could likely work almost as well under a single-tier unified government structure.

HAMILTON CIVIC AIRPORT

The Hamilton Civic Airport is owned by the Federal Government but is leased and managed by the City of Hamilton. The Ministry of Transport is responsible for the staffing and operation of the control tower and is responsible for major capital works expenditures at the airport such as major runway extensions, new buildings, etc. Policing on the airport grounds is provided by the Hamilton-Wentworth Regional Police. All the remaining functions in maintaining the airport are provided by City of Hamilton personnel.

The airport is managed by an Airport Manager who administers a staff of seven full-time employees and additional city staff as necessary. The Airport Manager reports to the Airport Committee of City Council, consisting of eight Aldermen and one Controller.

The Ministry of Transport provides an operating subsidy equivalent to the difference between the total revenues obtained at the airport and the operating expenditures which are primarily salaries. Therefore the operation of the airport is at no cost to the City of Hamilton.

Until recently, the Hamilton Civic Airport accommodated essentially general aviation services. Recently, the role has been expanded to accommodate a limited schedule and charter service operated by Nordair. Further, the Ministry of Transport is studying the future role of the airport, which could conceivably require major investment and/or relocation. If this major investment were to be made, it is possible that the Federal Government would assume operation of the airport.

In the meantime, the administrative function of the airport in the municipal structure needs to be reviewed. The airport provides services to the Region and to the Niagara Peninsula in general, and as such is considered regional in scale. Further, the impact of the airport in terms of noise and traffic extends outside of the jurisdiction of the City of Hamilton. It would seem, therefore, that the airport should be administered by a regional-scale government structure. Whether this is effected through a single-tier or two-tier municipality is of little consequence, as long as the responsible government structure embraces an area similar in size to that of the Region or larger.

PARKING

There are two types of parking: on-street and off-street. On-street parking may consist of meter parking or parking in accordance with posted limits, specified municipal by-laws or with the Highway Transport Board of Regulations. Off-street parking is permitted in private and municipal parking lots and structures. The local area municipalities are responsible for establishing parking by-laws for all on-street and off-street parking except for parking required for transit operations, the airport or on-street parking on Regional roads or Provincial highways.

Enforcement of parking by-laws is the responsibility of the local area municipality and the Regional Police.

It is the policy of the Region and of the City of Hamilton to remove parking from the major arterial streets, particularly in the peak hours, in order to increase the capacity of the existing road systems, thereby deferring the need to make major road improvements.

In 1974, a by-law enforcement unit was created in the City of Hamilton to relieve the police of the responsibility of enforcing by-laws for all non-moving violations. The cost of this by-law enforcement unit was provided by funds collected from parking meter revenue and parking fine revenue. The Parking Authority presently consists of a staff of 12 persons under the administration of the manager of the Authority. Their functions are to manage all the off-street municipally owned parking lots in Hamilton.

The impact of regionalization has been to shift the by-law enforcement more to the area municipality, resulting in the creation of the Parking Authority described above. Further, regionalization has meant that the establishment of parking by-laws for Regional roads becomes a Regional responsibility. There is presently some disagreement between the City of Hamilton and the Region regarding the ownership of the revenues related to parking on the Regional roads.

Parking is generally considered local in scale, although parking policy does have regional-scale impact in terms of the effect of on-street parking on the capacity of the regional roads, and the possible effect on auto usage and therefore road capacity requirements. With a view in mind of establishing an integrated transportation policy for the Region, and recognizing that parking can be an important control mechanism, it is our view that parking policy should be under the control of a regional-scale government unit. This responsibility should include the establishment of minimum parking charges and/or the right to levy a Regional tax on parking, as well as the control of parking on Regional roads and

EVALUATION OF ALTERNATIVE GOVERNMENT STRUCTURES RELATIVE TO TRANSPORTATION SERVICE

Government Structure	Coordination	Efficiency	Responsiveness	Cost of Change	Comments
1. Former County System	Poor because not integrated with Hamilton	Poor - problems similar to #3	Good, except problem getting some services e.g. transit	Good - probably low cost to change	Undesirable because no recognition of inter-municipal service areas.
2. One Municipality	Very Good - corresponds to service area	Average - might lead to costly urban services in rural areas	Poor - too big; no logical separation of local and regional service	Average - run risk of inflated salaries outside present city	Desirable
3. Six Municipalities (Single Tier)	Poor - no structure for coordinating inter-municipal services	Poor - might lead to duplication of services e.g. transit, traffic control	Good - would be worse if province assumed more services	Poor - need level to assume regional services in local governments	Least desirable because lack of coordination at regional level and potential duplication
4. Enlarged City and Former County	Good if City embraces service areas. Potential problem outside	Average - reduces duplication potential relative to #3	Good in city; probably poor service in rural area (eg.transit)	Average	Better than 1 and 3, since better fits urban service areas
5. One Expanded Urban and One Rural Municipality	Good if City embraces service areas. Need coordination between municipalities.	Average - somewhat better than #4 by providing rural efficiencies	Average - rural too spread out	Average	Better than 4 since provides for rural needs
6. Present System	Very Good - Corresponds to service areas	Good - accommodates specialized services; possible inter-municipal charging problem.	Very Good - No change	Very Good - No change	Most desirable since corresponds to different service areas

access of parking lots to/from Regional roads. On the other hand, the area municipalities should retain the responsibility of zoning approval for parking facilities, recognizing the neighbourhood land use consequences of parking facilities. This structure of shared responsibility fits best with a two-tiered government structure, but could also be implemented provided a regional-scale, one-tier government structure were implemented.

EVALUATION OF ALTERNATIVE GOVERNMENT STRUCTURES FROM A TRANSPORTATION PERSPECTIVE

The Review Commission has outlined six government structures to be considered in the evaluation of local government in the Hamilton-Wentworth Region. Our evaluation has considered the following four factors:

- coordination of transportation functions across the Region, which is measured in terms of the degree of correspondence between the government unit area and the service area of the transportation function;
- efficiency, which is measured in terms of the cost to the user and to the taxpayer of delivering transportation services;
- responsiveness, which is measured in terms of the ability of the local residents to effect service changes to accommodate their needs;
- cost of change, which is a measure of the transition costs from the existing government structure.

The exhibit opposite presents a description of the six government structures relative to the four evaluation criteria and our overall ranking of the government structures. These are discussed below in order of preference from desirable to undesirable.

Option 6: Present System

This two-tier government structure allows the efficient administration of region-scale transportation services, and allows for local accountability for those services or aspects of those services which are local in nature. Further, since a great deal of the increased financial costs associated with new government structures are due to transitional problems from the old system to the new system (as shown in Section II), this option would have the lowest transition costs of any of the options. Accordingly, it is our view that the present structure is most preferable.

Option 2: A Single-Tier Municipality of Hamilton-Wentworth

This option is our second choice. The main feature which makes this option attractive is that it provides a regional-scale administrative unit for the many regional-scale transportation functions. Some of the less attractive aspects include a potential risk of introducing urban standards in rural areas and a less satisfactory level of responsiveness for local scale services.

Options 4 and 5: Expanded City

Both of these options which involve the expansion of the City of Hamilton are less attractive than Option 2 because of the lack of co-ordination between the expanded city and the other municipalities and the inadequate form of government in the other area municipalities. The strong points of these two options are the reasonably good fit between the scale of the government area and the extent of many of the regional-scale services.

Option 1: Former County System

This is one of the undesirable forms of government essentially because of the separation between the City of Hamilton, which requires

and provides the bulk of the regional-scale transportation service in the area, and the county-area municipal entities. The resolution of this problem would be to integrate the City of Hamilton into the county system, but then this would be virtually identical to the present two-tiered government structure.

Option 3: Six Lower Municipalities

This is the least desirable option because the government structure would not recognize the extent of the regional-scale services, thereby resulting in coordination problems and significant inefficiencies and duplication of services. In this concept, the six municipalities would each need to develop specialized services such as transit and traffic control, which would be uneconomic at the small scales involved. The only feature to recommend this system is the responsiveness or political accountability of the system, but even this might change if the Province were to assume the responsibility to administer more of the region-scale services.

RECOMMENDATIONS REGARDING IMPROVEMENTS TO GOVERNMENT STRUCTURE

As our discussions with the politicians and municipal staff in the area indicated and our analysis of costs and efficiency has demonstrated, the existing government structure is not perfect. To put this into perspective though, many of the comments regarding inefficiency and duplication are unfounded in our view. The two-tier system seems best to meet the objectives of efficiency which requires large-scale economies, and of responsiveness which requires smaller scale government units. However, there are several ways in which the government structure and the delivery of transportation services

could be improved, some of which the municipality is presently attempting to implement and others of which will take further time and negotiation.

These are as follows:

1. The planning and programming of all regional-scale transportation services should be the responsibility of a Transportation Committee of Regional Council. This Committee should be charged with developing a comprehensive transportation policy for the Region, to include Regional roads, public transit, parking, Hamilton Airport and taxi services.
2. An inter-regional transportation coordinating committee consisting of representatives from the Region of Hamilton-Wentworth and the neighbouring regional municipalities and counties should be established to coordinate the planning of the regional-scale facilities mentioned above which have inter-regional consequences, such as certain CCL routes/services and access to Hamilton Airport.
3. The province should assist in establishing the inter-regional transportation coordinating committee mentioned above and provide the basis for funding the planning programs of this committee through the extension of existing assistance programs. This planning should include provincial facilities as these impact regional or inter-regional concerns.
4. Consideration should be given to the Region delegating more road maintenance functions to the area municipalities, with the Region to assume a coordinating role in terms of standards and in terms of providing certain centralized services such as purchasing and specialized equipment.
5. Traffic control services should be put under the direction of the Regional Transportation Committee since the Region is the main user of the services. Consideration should be given to sub-contracting some of the routine functions to the area municipalities.
6. The Region, in concert with the Ministry of Transportation and Communications, should establish improved inter-municipal charging procedures and control of work quality procedures to ensure that work contracted between the municipalities is performed efficiently and effectively.
7. The Regional Transportation Committee should have better control over the provision of public transit services in function of the total regional transportation policy role described above. This should also include a restructuring of the process of allocating the transit deficits from a "user pay" basis to a concept in which the deficit is shared across the Urban Transit Service Area in some proportion to equalized assessment, as is the case for other regional transportation services and regional services in general.

8. The Region should re-initiate its earlier request to the Province to provide 100% subsidy on the inter-regional Canada Coach Lines service similar to the arrangement for funding the GO Transit Services, or failing this should proceed to transfer regional services to the HSR, amend the Urban Transit Area to correspond to the regional area, and liquidate the remaining operation of the CCL.
9. A regional parking policy should be established by the Regional Transportation Committee as part of the total transportation policy discussed above.
10. The operation of the Hamilton Civic Airport should be transferred to the Region and the inter-regional transportation coordinating committee should include within its terms of reference the planning for the airport as input to the federal/provincial/municipal discussion of the future of the airport.
11. The Regional Transportation Committee should assume the responsibility for preparing a regional taxi by-law and the Regional Police should be responsible for enforcing the by-law. The issuing of taxi licenses should continue to be the responsibility of the area municipalities, under the monitoring of the Regional Transportation Committee.

To conclude, we would recommend that the present two-tier system of government is, both in the context of the services provided and in the light of the high transition costs engendered by bureaucratic change, the best form of local government with regard to the delivery of transportation services. A single tier form of government (Option 2) could possibly be made to function effectively, but it would carry with it high transition costs. Any of the other options would seem to pose serious problems with regard to the delivery of transportation services.

I - DESCRIPTION OF TRANSPORTATION SYSTEMS

INTRODUCTION

This section of the report presents a description of the level of service and cost statistics associated with the delivery of transportation services in the Region of Hamilton-Wentworth prior to and following regionalization on January 1st, 1974. Our analysis is concerned with the impact of regionalization on the delivery of the following services:

- public transit
- roads
- taxis
- parking
- airport

The focus of our work is on transit and road services, however, a broad assessment of the impact of regionalization on the delivery of taxi services, parking and airport services is also described. The information presented in this report was obtained from annual reports and financial statements, a questionnaire circulated to the municipalities and through telephone and personal interviews with several staff members of the area municipalities and elected representatives. Because of the very short time frame to deliver, answer and collect the questionnaire information, and the work loads of the staff in the municipalities in the preparation of budgets for 1978, the municipalities were not able to complete our questionnaire in its entirety and, as a result, some of the data items are not presented in this report. Further, there is some variation among the municipalities and the municipal enterprises in terms of financial accounting which may have resulted in some minor discrepancies between

the statistics. Another point that is worth mentioning is that the cost information presented in this report relates to total transportation expenditures by the respective municipalities, which is often in excess of the amount which qualifies for grants from the Ministry of Transportation and Communications and, therefore, may not agree with the expenditure statistics retained by the Ministry and possibly quoted by other researchers.

When reading this section of the report, it should be kept in mind that, when it comes to transportation policy, neither the older forms of local government nor the new Region and its constituent members can operate independently of the Provincial Government. As the following description shows, the Province is deeply involved in setting the priorities for local government, whether it be the provision of funds for transition during government reorganization, the setting of the public transit fares, or the expenditures of local and Regional roads.

PUBLIC TRANSIT SERVICES

Our analysis was restricted to the municipal transit services available in the Region. This included the Hamilton Street Railway and Canada Coach Lines. Other public transit operators, such as the Government of Ontario's GO Service, have not been examined.

Ownership of Hamilton Street Railway and Canada Coach Lines

The Hamilton Transit Commission was established in 1960 when the City of Hamilton purchased shares of the Hamilton Street Railway and thereby assumed the assets and liabilities of the Hamilton Street Railway and its wholly owned subsidiary Canada Coach Lines by means of the City of

EXHIBIT 1

STATUS OF PUBLIC TRANSIT SERVICES IN THE REGION

<u>Transit Provider</u>	<u>Year</u>	<u>Scale and Type of Service</u>	<u>Senior Government Involvement</u>	<u>Impact of Senior Government Policy</u>	<u>Allocation of Deficit</u>
Metrolinx	1973	City of Hamilton through Transit Commission	City of Hamilton and parts of Ancaster, Dundas and Stoney Creek, and Burlington.	35% effective subsidy on deficit from MTC	Allowed expansion of service
Railway	1975	City of Hamilton through Transit Commission	Same as above	50% effective subsidy on deficit from MTC	Borne by City of Hamilton where deficit incurred
	1976	City of Hamilton through Transit Commission	Same as above.	Same as 1975 + 5%	Freezing fares meant higher deficit
	1977	Region through Regional Transit Commission (from Feb. 16, 1977)	Same as above.	17.5% of approved costs & TECRA to subsidize deficit outside Hamilton for 5 years	Necessary to reduce service to hold deficit
Canada Coach Lines	1973	City of Hamilton through Transit Commission	Hamilton-Wentworth and parts of Niagara Regions	No financial assistance	No service changes
	1975	City of Hamilton through Transit Commission	Hamilton-Wentworth and parts of Niagara Region	No financial assistance	N.A.
	1976	City of Hamilton through Transit Commission	Hamilton-Wentworth and parts of Niagara Region	MTC subsidy on some routes in metropolitan area	Generally borne by Hamilton
	1977	Region through Regional Transit Commission	Hamilton-Wentworth and parts of Niagara Region	MTC subsidy on some routes in metropolitan area	Generally borne by municipalities where deficit incurred

Hamilton By-law 8900 and the City of Hamilton Act of 1960. The Hamilton Transit Commission has been responsible for the operation of the HSR and its wholly owned subsidiary CCL. In order to purchase this system in 1960, the City issued a 20 year debenture in a principal amount of 3.25 million dollars and since then the Commission has been responsible for providing funds to meet both principal and interest payments as each has fallen due. As at the end of 1976, a balance remains of 1.146 million dollars to be paid over the period to 1980.

On February 16, 1977, the City of Hamilton made a share transfer to the Region of Hamilton-Wentworth who then became owners of the HSR and CCL. From a budgeting point of view, transit has become the responsibility of the Region from January 1st, 1977. The operating responsibility rests with the Hamilton-Wentworth Transit Commission which consists of ten Regional Councillors appointed by the Regional Council.

Exhibit 1 presents in table form a description of the evolution of transit services in the period 1973-77.

Transit Service Areas

The Region is divided into three areas from a point of view of transit operation and subsidy. The extent to which any one route operates within these three areas determines the degree of its eligibility for subsidy from the Province.

The Urban Transit Area, (UTA), which is a part of a larger Urban Transit Service Area (UTSA), comprises at present the City of Hamilton, although provision is made for the possible expansion of this area to include adjacent municipalities. Within the UTA, the deficit from transit operations is to be borne by the area municipalities within this area on the basis of equalized assessment.

The Urban Transit Service Area consists of an area around Hamilton which becomes a single municipality for purposes of the Public Vehicles Act, Ontario. All public transit services within this area are eligible for subsidy under the Provincial assistance formula. Any deficits incurred in this area after Provincial subsidy are charged to the respective municipalities, either entirely to the municipality for exclusive service to the municipality, or on a shared-cost basis for services which serve more than one area municipality.

The deficits associated with public transit services within the Region but outside of the UTSA do not qualify for provincial financial assistance, but are funded entirely by the municipality receiving the service.

The routes operated by the Hamilton Street Railway are largely in the Urban Transit Area, i.e. the City of Hamilton. In addition, however, the HSR provides service to Ancaster, Dundas, Stoney Creek and Burlington. Operating deficits incurred in the three municipalities in the Region after Provincial subsidy are charged to these municipalities, while the deficit on the Burlington route is charged to the Region and levied against all area municipalities on an equalized assessment basis.

The Canada Coach Lines provides services on the majority of the main roads linking the Region of Hamilton-Wentworth to population centres in adjoining regions and counties. The CCL service generally excludes the area served by the HSR, i.e. the CCL buses run "closed door" through most of the City of Hamilton. As mentioned above, the deficit associated with the CCL services to area municipalities within the Region are charged

EXHIBIT 2

PUBLIC TRANSIT SERVICE STATISTICS

		Revenue Passengers	Vehicle Miles	Route Miles	Vehicles	Employees	Pass/ Employee	Pass/ Vehicle
HSR	1973	25,953,340(100.0)	8,178,647(100.0)	362.7(100.0)	250(100.0)	642(100.0)	40,425(100.0)	103,813(100.0)
	1975	29,312,739(108.8)	9,059,069(110.8)	375.8(103.6)	272(108.8)	743(115.7)	39,452(97.5)	107,767(103.8)
	1976	29,308,502(110.4)	9,271,701(113.4)	391.9(108.1)	276(110.4)	770(119.9)	38,062(94.2)	106,190(102.3)
CCL	1973	3,433,910(100.0)	3,258,031(100.0)	1,069.7(100.0)	103(100.0)	196(100.0)	17,520(100.0)	33,339(100.0)
	1975	3,054,698(89.0)	3,375,698(103.6)	1,069.7(100.0)	101(98.0)	188(95.9)	16,248(92.7)	30,245(90.7)
	1976	2,815,897(82.0)	3,061,538(94.0)	1,069.7(100.0)	100(97.1)	180(91.8)	15,643(89.3)	28,159(84.5)

N.B: Figures in brackets represent 1973 base of 100.

to the respective area municipalities, while the deficit incurred on Region-wide routes and routes outside of the Region are charged to the Region and levied to the area municipalities on an equalized assessment basis.

The Province, through the Ministry of Transportation and Communications, has offered subsidies to municipal transit systems since 1973. In 1973, the Province made available a subsidy on the operating deficit of a municipal transit service, up to prescribed maximum which was determined by a formula based on the population of the service area and the number of revenue passengers. For the HSR, this represented an effective subsidy of approximately 35% of the operating deficit in 1973.

In 1974, the deficit limits were lifted and the Province provided a subsidy of 50% of the deficit, provided the municipality froze the fares at 1973 levels. In 1976, a similar policy was pursued with a ceiling of what was payable amounting to 105% of the amount that was paid in 1975.

As of January 1st, 1977, the above approach was abandoned and the Province adopted a policy of subsidizing services based on target levels of productivity as far as the ratio of revenue/operating costs is concerned. Hamilton falls into the category in which the target ratio revenue/operating expenditures is to be 65%; in this group, the Province agrees to provide a subsidy of 17.5% of the approved operating costs which means, if the municipality achieves a ratio of 65%, the effective subsidy would be 50% of the deficit. However, the HSR is not expected to cover 65% of its operating costs, so the effective subsidy is estimated to be approximately 35% of the deficit. This represents a proportionate reduction in the Provincial assistance to public transit services in Hamilton.

EXHIBIT 3

COSTS OF PUBLIC TRANSIT SERVICE

	<u>Direct Cost of Service (\$'000)</u>			<u>Non-Payroll Cost/Employee</u>	<u>Non-Payroll Cost/Vehicle</u>	<u>Direct Cost/Bus-Mile</u>	<u>Direct Cost/Passenger</u>	<u>Average Weekly Wage</u>
	<u>Payroll Cost</u>	<u>Non-Payroll Cost</u>	<u>Total</u>					
HSR 1973	\$6,576 (100)	\$2,172 (100)	\$8,748 (100)	\$10,243 (100)	\$8,688 (100)	\$1,07 (100)	\$0.31 (100)	\$164.46 (100)
HSR 1976	9,555 (145)	2,339 (108)	11,894 (136)	12,860 (126)	8,599 (99)	1.21 (123)	0.41 (120)	136.5 (124)
CCL 1973	11,131 (169)	3,096 (143)	14,227 (163)	14,456 (141)	11,218 (129)	1.53 (143)	0.43 (144)	148.9 (139)
CCL 1976	1,671 (100)	1,154 (100)	2,825 (100)	8,526 (100)	11,204 (100)	0.87 (100)	0.82 (100)	112.7 (100)
1975	2,053 (123)	1,902 (165)	3,955 (140)	10,922 (128)	18,829 (168)	1.17 (135)	1.29 (157)	138.5 (123)
1976	2,133 (128)	2,010 (174)	4,143 (147)	11,848 (139)	20,099 (179)	1.35 (156)	1.47 (132)	148.9 (139)

NB: Figures in brackets represent 1973 base of 100.

Until the early 1970's, the Canada Coach Lines did not incur a deficit. By 1975, the deficit was quite substantial, but the service did not qualify for provincial financial assistance. However, in 1976, the Province agreed to subsidize certain routes between Hamilton and the adjacent municipalities. The effective subsidy for the CCL operation amounts to approximately 25% of the operating deficit.

Exhibits 2-4 present operating statistics, costs, revenues and deficits for the HSR and CCL for 1973, 1975, 1976 and, where available, 1977. Information for 1973 is shown as it is a year prior to regionalization for which substantial information was readily available. 1975 was chosen as a post-regionalization year, recognizing that the transit system had not yet been regionalized. 1976 is also presented, since it is the most recent year for which complete information is available. The 1977 information is very important, since this was the first year that the transit service has been regionalized, but only budget information was readily available.

Public Transit Service Statistics

Exhibit 2 presents service statistics for HSR and CCL in terms of passengers, vehicles and employees:

- revenue passengers include number of fare paying passengers
- vehicle miles means actual miles travelled by a transit vehicle for the purpose of picking up or dropping off passengers
- route miles are the miles of street on which transit vehicles operate
- vehicles include buses and trolleys
- employees include drivers, maintenance workers, inspectors, etc.

The information is presented in terms of the actual statistics and in terms of an index relative to a 1973 base of 100.

EXHIBIT 4.

PUBLIC TRANSIT DEFICIT AND SOURCE OF FUNDS (\$000)

	<u>Net Operating Deficit</u>	<u>Provincial Subsidy</u>	<u>Deficit Borne By Municipalities</u>	<u>Deficit (Municipal) Per Passenger</u>	<u>Deficit (Municipal) Per Population</u>
HSR	1973	\$3,181	\$1,140	\$2,041	\$0.08
	1975	5,444	2,684	2,760	6.27
	1976	6,279	2,766	3,503	7.70
	1977 (Budget)	8,439	2,875	5,564	0.19
					12.00
CCL	1973	48	N/A	48	0.01
	1975	525	N/A	525	0.17
	1976	455	102	353	0.13
	1977 (Budget)	704	103	600	0.21
					-

Costs of Public Transit Service

Exhibit 3 presents the costs of public transit service in the Region. The direct cost of service includes the total operating costs such as wages, fuel, maintenance and overhead, and exclude principal and interest charges and depreciation.

The payroll costs, which represent the greater portion of the HSR costs, are presented in total and per employee. The growth in payroll cost per employee can be compared to the cost of living index and the average weekly wage rate. The non-payroll costs are presented in relation to the number of vehicles and can be compared to the cost of living index. The direct cost per bus mile and per passenger can be compared to the cost of living index to obtain some appreciation of the change in the efficiency of the provision of service.

Public Transit Deficit

Exhibit 4 presents the net operating deficit of the transit services, the provincial subsidy, and the net deficit to be borne by the municipalities. The deficit is also expressed in function of the number of passengers carried on an annual basis, and the population of the area served. The statistics for the deficit per population for the Canada Coach Lines are not presented because of the difficulty of estimating the service area population.

The deficit information presented in Exhibit 4 does not take into account the special subsidy arrangement provided by the Ministry of Treasury, Economics and Intergovernmental Affairs to provide a 100% subsidy in 1977 to the area municipalities, except Hamilton, for transit service deficits allocated to these area municipalities. This is a transitional grant provided by the Province to cushion the impact of allocating transit deficits across the Region. The programme is to run for five years only,

EXHIBIT 4A

ANTICIPATED MUNICIPAL CONTRIBUTIONS

TO TRANSIT 1977

(BASED ON 1977 BUDGET)

	HSR	CCL
Ancaster	\$ 9,214	\$ 24,859
Dundas	135,465	-
Flamborough	-	22,388
Glanbrook	-	18,665
Hamilton	5,291,221	53,501 (Airport Service)
Stoney Creek	81,772	81,737
Burlington Route	46,528	-
Region-Wide	-	389,247

EXHIBIT 5

REGIONAL AND LOCAL ROAD STATISTICS

Area Municipality	Year	Miles of Road Paved	Miles of Road Total	Employees	Equipment Traffic Signals	Equipment Heavy Equipment
Town of Ancaster	1972	33	105	20	-	19
	1976	35	98	20	-	23
	1978	NA	NA	NA	NA	NA
Town of Dundas	1972	40	40	24	6	19
	1976	43	47	20	8	30
	1978	39	43	20	NA	30
Township of Flamborough	1972	70	218	23	-	36
	1976	82	212	20	-	33
	1978	85	207	NA	NA	NA
Township of Glanbrook	1972	34	119	14	-	13
	1976	42	119	12	-	15
	1978	NA	NA	NA	NA	NA
City of Hamilton	1972	533	549	386	215	107
	1976	586	611	350	253	125
	1978	489	506	356	13	133*
Town of Stoney Creek	1972	53	86	37	1	44
	1976	78	94	32	1	53
	1978	101	103	36	1	58
County and Suburban Roads Commission	1972	184	190	62	7	100
Region of Hamilton- Wentworth	1976	184	190	62	13	140
	1978		337	64	266	143
TOTAL	1972	947	1307	566	229	338
	1976	1050	1371	516	275	419

*Figure is for 1977.

with the subsidy being reduced by 20% each year after 1977. The effects of this transitional grant are minimal when presented over the entire region.

Exhibit 4A presents an estimate of the allocation of the net transit operating deficit to each of the area municipalities.

ROAD SYSTEMS

The roads in the Region of Hamilton-Wentworth fall into one of three jurisdictions: provincial; region or former county; area municipal. Our investigation has been limited to regional/county and area municipal roads, and has excluded provincial highways since these have little if any financial consequences to the Region. However, those provincial highways which have been assumed by the Region have been included, as appropriate.

The Regional Road System was established in 1974 and consisted of approximately 190 miles of road, essentially the former County and Suburban Road Systems. At that time, there were substantial outstanding debentures on the City of Hamilton Arterial Road System, while the former County and Suburban Systems were debt free. As a result, the Region was not prepared to assume the arterial roads in the City of Hamilton, until such time as the outstanding debt could be resolved. On May 29, 1977, the Region and the City made an arrangement through which approximately 147 miles of arterial roads were transferred from the City to the Region along with the debt related to these roads, and the Ministry of Treasury, Economics and Intergovernmental Affairs provided to the Region a transitional grant of approximately 5.4 million dollars as contribution for the area municipalities' share of the ongoing debt for these arterial roads assumed by the Region.

EXHIBIT 6

COST OF ROAD SYSTEMS (000's)

Area Municipality	Year	Gross Costs			Overhead & Misc.	Total	Subsidy	Net Cost
		Construction Capital out of Debentured Current	Maintenance	Traffic				
Town of Ancaster	1972	119	176	4	44	343	174	169
	1976	0	423	29	31	483	246	237
	1978	NA	NA	NA	NA	NA	NA	NA
Town of Dundas	1972	-	108	breakdown not available	-	406	206	200
	1976	171	233	=	-	241	222	552
	1978	NA	NA	NA	NA	NA	NA	NA
Township of Flamborough	1972	137	229	8	125	499	220	270
	1976	164	394	7	304	870	272	597
	1978	NA	NA	NA	(land purch)	NA	NA	NA
Township of Glanbrook	1972	74	147	1	66	288	138	150
	1976	20	467	11	126	624	308	316
	1978	NA	NA	NA	NA	NA	NA	NA
City of Hamilton	1972	NA	8,875	5,468	571	-	14,914	5,964
	1976	NA	9,389	7,976	949	-	18,314	6,700
	1978	NA	9,609	4,749	499	-	14,849	5,813
Town of Stoney Creek	1972	NA	NA	NA	NA	NA	NA	NA
	1976	188	466	NA	104	913	384	529
	1978	NA	NA	NA	NA	NA	NA	NA
County and Suburban Roads Commission	1972	658	442	59	574	1733	841	891
Region of Hamilton-Wentworth	1976	1553	965	179	761	3457	1724	1734
	1978	3578	3389	975	1706	9647	4563	5084

(1) Maintenance costs include debt repayment and debt servicing costs.

(2) Total does not include those capital costs debentured for the year in question.

NA Not Available.

The Road System statistics and costs are presented for the years 1972, 1976 and 1977 or 1978. The year 1972 was chosen as a pre-regionalization year, consistent with the year chosen by the other researchers. 1976 was chosen as the post regionalization year since it is the most recent year for which actual cost information is available. Since the Regional Road System was expanded significantly through the assumption of the arterial roads in the City of Hamilton effective January 1, 1977, it was considered important to obtain statistics for 1977 or 1978, depending on the availability of these. Information for 1977 represents expenditures to October, 1977, factored up to represent a twelve month period. 1978 information corresponds to budget estimates which, undoubtedly, will be revised somewhat by the respective municipal councils.

Regional and Local Road Statistics

Exhibit 5 presents the miles of road, number of employees and amount of equipment in the jurisdiction of the area municipalities in the Region for the respective analysis year. The miles of road represent centre line miles.

Cost of Road Systems

Exhibit 6 presents, for each of the area municipalities and the three analysis years, the gross capital, maintenance, traffic and overhead costs, the subsidy from the Ministry of Transportation and Communications, and the net cost of roads borne by the respective municipalities. Except for the City of Hamilton, most of the municipalities, including the Region, have adopted a policy to fund road construction out of current revenue. The City of Hamilton and the Town of Dundas to a lesser extent have a practice of debenturing various portions of their road construction work. The total road costs presented in Exhibit 6 include the capital expenditures out of current revenue in the case of municipalities which finance

EXHIBIT 7

ROAD COST RATIOS

Area Municipality	Year	Total Cost (\$000)	Total Cost Per Mile		Total Cost Per Capita		Consumer Price Index
			\$	Index *	\$	Index *	
Town of Ancaster	1972	343	3266	100	23	100	100
	1976	483	4929	151	35	152	142
	1978	NA	NA	NA	NA	NA	NA
Town of Dundas	1972	406	10150	100	23	100	100
	1976	844	17957	117	44	191	142
	1978	NA	NA	NA	NA	NA	NA
Township of Flamborough	1972	499	2289	100	23	100	100
	1976	870	4104	179	38	165	142
	1978	NA	NA	NA	NA	NA	NA
Township of Glanbrook	1972	288	2420	100	29	100	100
	1976	624	5243	217	62	213	142
	1978	NA	NA	NA	NA	NA	NA
City of Hamilton	1972	14914	27165	100	49	100	100
	1976	18314	29974	110	58	118	142
	1978	14849	29345	108	47	96	NA
Town of Stoney Creek	1972	NA	-	NA	-	NA	100
	1976	913	9713	NA	29	NA	142
	1978	NA	NA	NA	NA	NA	NA
County and Suburban Roads Commission	1972	1733	9121	100	20	100	100
Region of Hamilton- Wentworth	1976	3457	18179	198	36	180	142
	1978	9647	28626	313	23	115	NA

* Index is value in respective year divided by 1972 value X100.

roads in this manner, and include the debt repayment and debt servicing for the municipalities which debenture their road work.

The subsidy provided by the Ministry of Transportation and Communications relates to most road work except for example sidewalk construction and maintenance. The expenditures which qualify for provincial subsidy are approved by the Ministry, either on the basis of a roads needs study carried out for the municipality or through road budgets submitted by the municipality to the Ministry. Most road work qualifies for a 50% subsidy, except in the case of "connecting links" (extension of highways through urban areas) which qualify for 75% subsidy in cities and 90% subsidy in the townships. As can be seen in Exhibit 6, municipalities generally are reluctant to initiate road work which does not qualify for the provincial subsidy, with the result that the subsidy is generally close to 50%.

In the case of those former connecting links which were assumed by the Region, the Ministry of Transportation and Communications provided a transitional grant for a period of five years to reimburse the municipalities an amount equivalent to the higher rate of subsidy that would be received on these roads were they retained as connecting links.

Road Cost Ratios

Exhibit 7 presents the net costs of roads as a function of the number of miles of road and the population in the respective municipalities, compared to the Consumer Price Index.

HAMILTON CIVIC AIRPORT

Hamilton Civic Airport is owned by the Federal Government but is leased and managed by the City of Hamilton. The Ministry of Transport is

EXHIBIT 8

HAMILTON CIVIC AIRPORT COSTS AND REVENUES (1977 BUDGET)

Expenditures

Total salaries and benefits =	\$ 113,280
Professional fees (Fire Department) =	226,860
Repairs & maintenance =	60,500
Protection services =	100,700
Cleaning passenger terminal =	24,440
Interest on short term loans =	20,000
Other	<u>61,570</u>
Total expenditure	\$ <u>607,350</u>

Revenue

Airfield:

Landing fees: scheduled flight	\$ 73,000
& non-scheduled flights =	10,300
Aircraft parking =	100
Car parking =	-(5,560)
Concession fees (gal + oil) =	7,000

Terminal Building:

Rental of space (office, shop, concession)	7,900
Concessions =	3,900
Other building rentals =	18,200
Land & hangar rental =	<u>9,490</u>

Subtotal \$ 124,330

Federal Airport Subsidy = \$ 489,360

Total revenue \$ 613,690

responsible for the staffing and operation of the control tower and is responsible for major capital works expenditures at the airport such as major runway extensions, new buildings, etc. Policing on the airport grounds is provided by the Hamilton-Wentworth Regional Police. All remaining functions in maintaining the airport are provided by City of Hamilton personnel. These include maintenance of the airport buildings, runways and access facilities, fire fighting, etc.

The airport is managed by an Airport Manager who administers a staff of 7 full time employees and additional City staff as necessary, e.g. fire department, road maintenance, etc. The Airport Manager reports to the Airport Committee of Council consisting of 8 Aldermen and 1 Controller.

As shown in Exhibit 8, an amount of \$607,000 has been budgeted for the operation of the airport in 1977. Revenues from landing fees, rental of space, concessions, etc. amount to approximately \$124,000 leaving a deficit of \$489,000 which is funded by the Ministry of Transport. Thus the operation of the airport is at no cost to the municipality.

Until recently, the airport was used entirely by general aviation aircraft. Early in the 1970's, air carrier operations were initiated at the airport, which is a limited scheduled and charter service operated by Nordair.

There has been considerable discussion regarding improving the airport and/or relocating it within the Region. Five alternative site locations have been identified, in addition to the existing site, and

construction costs have been estimated at between 93 - 113 million dollars to 1990. These costs would be borne by the Ministry of Transport. In all likelihood, the Ministry of Transport would insist on operating the airport should the construction improvement programme be initiated.

The analysis of alternative sites and the construction costs mentioned above are based on the existing rather limited role for Hamilton Civic Airport. A number of previous and current studies undertaken by the Federal Government and the Province regarding air operations in Southern Ontario have considered expanded roles for Hamilton Civic Airport, that is relocating some of the Toronto-based air operations to Hamilton. There appears to be very little acceptance of an expanded role in Hamilton at this time, but until such time as the future air services roles in Southern Ontario are established, an expanded role at Hamilton remains a possibility. An expanded role would most certainly mean that the air operations would need to be relocated from the existing site. Regardless of whether the site is relocated, however, major access road improvements are required to serve the airport in either role. The location of the airport and the required road improvements are pending the outcome of the airport role investigation.

TAXI SERVICE

Taxi operators (drivers, owners and brokers) require licenses to operate. Licensing of taxi operations is an area municipal responsibility. The responsibility for administering taxi licenses generally lies with the area municipal clerk or other senior municipal staff member. It is only a part time role except for the City of Hamilton where a Licensing Administrator handles this function.

EXHIBIT 9

LICENSED TAXICABS BY MUNICIPALITY

<u>Area Municipality</u>	<u>Year</u>	<u>Number of Licensed Taxicabs</u>
Ancaster	1972	5
	1976	0
Dundas	1972	-
	1976	21*
Flamborough	1972	-
	1976	2
Glanbrook	1972	0
	1976	0
Hamilton	1972	185
	1976	220
Stoney Creek	1972	-
	1976	10

*Only 13 taxicabs are operating in Dundas.

Licensed taxi operators must conform to the municipal by-laws governing taxi operations. Generally, only taxis who are licensed to operate within a municipality may pick up and deliver fares within the same municipality. However, the pickup or delivery of fares in the municipality in which a taxi operator is not licensed is also permitted.

Enforcement of the municipal taxi by-laws is the responsibility of the by-law enforcement officers of a municipality and is usually the Town Clerk. In addition to ensuring that only the appropriate licensed taxi operators are servicing the municipality, taxi by-law enforcement consists of inspecting taxi vehicles to ensure that minimum standards of safety and cleanliness are maintained.

Prior to regionalization, taxi licensing and enforcement was usually provided by the local police department under the administration of the local Police Commission or similar body. Immediately after regionalization, the Regional Police Department provided by-law enforcement for both Hamilton and the other municipalities as a transitional step before they were able to hire and train their own staff. Since regionalization, the municipalities have had some difficulty enforcing by-laws without the assistance of the police, which has resulted in a number of complaints by residents, particularly in Hamilton.

Exhibit 9 presents the number of licensed taxi cabs by area municipality for 1972 and 1976.

PARKING

There are two types of parking: on-street and off-street parking. On-street parking may consist of meter parking or parking in accordance with posted limits, specified municipal by-laws, or with Highway Transport Board of regulations. Off-street parking consists of private parking lots or municipal lots. These off-street lots may be free of charge or may be pay parking with the use of meters or attendant collection. The local area municipalities are responsible for the establishment of parking by-laws for all on-street and off-street parking except for parking required for transit operations, the airport or on-street parking on Regional roads or provincial highways.

The enforcement of parking violations is the responsibility of the local area municipality and/or the Regional police.

It is the policy of the Region and of the City of Hamilton to remove parking from the major arterial roads, particularly in the peak hour, in order to increase the capacity of the existing road system thereby deferring the need to make major road improvements.

In 1974, a by-law enforcement unit was created in the City of Hamilton to relieve the police of the responsibility of enforcing by-laws for all non-moving violations. The cost of this by-law enforcement unit was provided by funds collected from parking meter revenue and parking fine revenue. The Parking Authority presently consists of a staff of 12 persons under the administration of the Manager of the Authority. Their functions are to manage all the off-street municipally owned parking lots in Hamilton.

Upon the transfer of the City of Hamilton arterial roads to the Region, the Regional staff have recommended to Regional Council that revenue collected from parking meters on Regional roads and parking violations on Regional roads within the City of Hamilton should be turned over to the Region. On the other hand, the City of Hamilton has taken the position that the funds are needed to support the construction of off-street parking to replace on-street parking on Regional roads which is being eliminated.

II - ECONOMIC ANALYSIS OF TRANSPORTATION COSTS AND SERVICES

INTRODUCTION

This section of the report presents an analysis of the changes in cost of delivering transportation services in the Region, compares these cost changes to the change in the Consumer Price Index, and attempts to explain the portion of the cost changes due to inflation, change in level of service, transfer of a function, or the new form of government. The cost analysis relates only to roads and public transit, since cost variances in the administration of taxi service, airport and parking services either haven't been affected by regionalization or are generally of little consequence to the analysis of government structure.

When the Hamilton-Wentworth Regional Government was initially established, there were a number of reasons for reorganization, but the most frequently voiced was that the old system of local government was inefficient and that the old boundaries bore little or no relationship to the extent and scale of the service areas associated with these municipal services. It was hoped that the new system of regional government would provide efficient, low-cost services for the entire area by achieving economies of scale for the regional-type services, while leaving to the municipalities the responsibility of delivering local services. However, at least in some areas, the popular conception has been that this goal of cost efficiency has not been met and that, if anything, local government costs have risen at a much higher rate than the general price index.

The critique frequently voiced before the Commission has been that the new Regional Government has not been financially effective and that

with regards to transportation and roads in particular there has been duplication and inefficiency. In the following discussion we identify where costs have in fact risen and indicate the responsibility for these cost increases.

Perhaps the most notable aspect of the cost data presented in Section I is that in most instances, costs for transportation services have in fact stayed constant in terms of real dollars during the years 1972-1978. Cost increases have generally been equal to or less than the consumer price index for the road systems in the City of Hamilton and the Town of Ancaster (cost information is not available for Stoney Creek for 1972, but the 1976 costs per capita and per road-mile appear to be consistent with the corresponding cost statistics in the other municipalities) and for the operating costs of the Hamilton Street Railway.

The only areas where we have discovered costs have risen dramatically over and above the general inflation rate have been the costs of the Regional Road System, the local roads in the Townships of Flamborough and Glanbrook and the operating costs and deficit of the CCL and the deficit alone of the HSR. Each of these cost increases can largely be explained not in terms of inefficiency of the structure of local government itself, but rather in terms of a higher level of service, or in terms of the constraints imposed upon local governments by the Province, or by the process of transition to the new government itself. These are discussed in the paragraphs following.

ROAD COST ANALYSIS

In terms of absolute dollar increases, the notable area where prices have increased dramatically is that of the Region of Hamilton-Wentworth Road Department. One should note that the Regional Road System has virtually the same mileage of roads in 1976 as did the County/Suburban System in 1972. One should also note that both agencies had approximately the same number of employees. However, the gross costs have increased by approximately 98% over this period, compared to a Consumer Price Index increase of 42%.

There are several explanations of the dramatic increase in the costs of Regional roads. These are listed below:

- The Regional Engineering Department implemented a wage/benefit package for its employees similar to the previous package associated with the City of Hamilton employees but substantially more costly than the former County wage/benefit package (e.g. higher pay rates and fringe benefits, higher overtime and standby pay arrangements in the Region).
- Although the number of employees is similar in the Region and County systems, the Regional staff complement includes more professional staff and fewer clerical/support services which are shared with the rest of the Engineering Department; the result of this more senior complement of employees is both higher costs and higher level of service.
- The accounting procedures adopted by the Region are somewhat different than the procedures used by the County, resulting in apparently higher costs, for example depreciation charges are greater in the Regional system.

The other notable areas of cost increase in the delivery of road services is in the Townships of Flamborough and Glanbrook. These cost increases over the period 1972-1976 are estimated at 79 and 117% respectively compared to a Consumer Price Index increase of 42%. We have been advised that these cost increases are a result of a decision by the area municipalities to carry out certain major road works which had been deferred for several years and which notably did not qualify for the full Provincial subsidy. It could be speculated that these area municipalities

chose to carry out these road works with monies made available as a result of the transfer of other municipal functions to the Region. In any event, the cost increases cannot be attributed to regionalization directly, but rather must be attributed to increase in level of service.

Another point of observation in the cost information is the cost history for the City of Hamilton. The exhibit indicates only a 10% increase in the total cost per mile of road in the City over the period 1972-76 compared to the Consumer Price Index increase of 42%. We understand that this very low cost increase is due to the City's policy of debenturing major construction and reconstruction projects which results in spreading costs over several years. As well, cost increases have been minimized through the postponement or elimination of several large road construction projects which have resulted in cost savings over recent years, but which will undoubtedly mean major road expenditures in the future and most certainly will result in lower levels of service and restricted development potential in the meantime. A good case in point is the deferral of the Mountain Freeway and the Redhill Creek Freeway, two major road facilities which are required to further develop the area south of the escarpment in Hamilton and Stoney Creek.

A comparison of road expenditures in Hamilton with several other cities in Ontario for a recent year indicated that the expenditure per capita in Hamilton is substantially less than some of the other large cities. Capital and operating expenditures for roads in 1974 amounted to approximately \$57 per capita in Hamilton, while expenditures in several other municipalities ranging in size from 150,000 - 450,000 population ranged from \$58 per capita through to as high as \$140 per capita. This indicates that road expenditures in Hamilton are certainly less than the norm for that size of city, but the cautions outlined above regarding the

potential problems of deferring costs are of course important to recognize.

As a result of the transfer of the arterial street system in the City of Hamilton to the Regional Road System, the Region as a whole has realized some substantial, though extraordinary, benefit. By transferring the debt on these roads to the Region, Hamilton has benefitted to the extent that the debt is now being borne on a larger assessment base, i.e. the other area municipalities as well as the City of Hamilton. Secondly, the other area municipalities have benefitted since the Province has agreed to provide transitional grants to assist the towns and townships in funding the debenture payments. The transitional grant associated with the transfer of Hamilton's roads to the Region amounted to 5.4 million dollars.

The transfer of approximately 25% of the City of Hamilton's roads to the Region is reflected in a corresponding reduction in the 1978 roads' budget for the City of approximately 6 million dollars when expressed in 1978 dollars. At the same time, the Regional road budget for 1978 shows a similar increase, accounting for the substantial increase in costs for Regional roads shown in Exhibit 7. Two points should be noted here, however. Firstly, the City has transferred the most costly roads to construct and maintain, i.e. the arterial road system, so that a potentially greater shift in costs to the Region might have been expected. Secondly, the staff complement of the City does not appear to show a corresponding reduction, largely due of course to the fact that the City will be maintaining the roads and providing traffic control service, although some reduction in the engineering staff would have been expected. This problem would indicate some absence of adequate control procedures by the Province in the transfer of functions from the local municipality to the Region.

PUBLIC TRANSIT
COST ANALYSIS

Turning to the costs of public transit, it was shown in Exhibit 3 that the direct cost per bus mile and per passenger for the HSR has increased at approximately the same rate as the wage index over the period 1973-1976 indicating that the cost of delivering service in real dollars has not changed appreciably. It is also shown in Exhibit 3 that the total cost of operation has increased faster than the wage index by the same proportion that service has been expanded over the period, i.e. approximately 14%.

Although costs of service have increased only in proportion to inflation and level of service, the public transit deficit, as shown in Exhibit 4, has increased at a much greater rate. Over the period 1973-1976, the deficit of the HSR has approximately doubled. This is due in no small measure to the City of Hamilton's attempt to live up to the spirit of the Province's public transportation policy of 1973 which promised provincial financial assistance if a proper level of transit services were maintained at a low fare. Exhibit 4 shows that this promise held forth by the Province and acted upon by the City of Hamilton since 1973 has clearly not been met. The cost increases due to the normal inflation rises are increasingly being borne by the municipality. This is due then not to inefficiency of Regional Government, but rather to a policy decision at the provincial level to have local property tax payers bear a higher proportion of the transit deficit than they were expected to in say 1975. Since the current transit assistance policy is based on approved operating costs rather than on deficits, there is greater incentive for municipalities to operate an efficient transit service which should lead to a slowing-down in the growth of the deficit in the future.

The operating and financial statistics for the CCL are not as encouraging as the HSR. Exhibits 2 and 3 demonstrate that usage of the system has dropped by 18% over the period 1973-1976, while total costs of operation have risen by 47%. Expressed as direct costs per bus mile and per passenger, the increases represent 56 and 79% respectively, compared to a Wage Index increase of 39% over the same period. The CCL service, which runs many more miles per vehicle than the HSR service, has been affected by the rapid rise in transportation costs over the period as shown by the increase in the non-payroll cost per vehicle. The payroll cost per employee has increased in line with inflation and is therefore not a contributing factor to the increase in operating costs.

More important than the increase in cost of operation of the CCL is the increase in the deficit. The loss of riders coupled by the efforts by the City to hold down fare increases have resulted in rapidly rising deficits over the period. Recognizing the rapidly increasing financial burden of the CCL to the residents of the City of Hamilton, the City requested the Provincial Government to provide operating subsidies for the CCL in 1975, similar to the arrangement through which the Toronto Area Transit Operating Authority provides funds for GO Transit. This request has not been acted upon and as a result the net operating deficit to be borne by the municipality is rising to such an extent as to make the service economically unviable. Again, this rising cost to the tax payers cannot be attributed to Regional Government, but rather to a Provincial position not to provide funds for the CCL operation. In 1976, the Province provided assistance on some selected CCL routes to reduce the deficit burden to be borne by the municipality, but the remaining amount is still substantial.

EXHIBIT 10

COMPARATIVE STATISTICS FOR SELECTED ONTARIO TRANSIT PROPERTIES

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	REV. PASS. MILES.	REV. EMPLOYEES	REV. VEHICLES	REVENUE COSTS	REV./COST RATIO	OPERATING SUBSIDY	PASS./ EMPLOYEE x 10 ²	PASS./ VEHICLE x 10 ²	PER REVENUE MILE	PER PASSENGER	PER EMPLOYEE	PER VEHICLE	ROUTE MILES			
1973	OTTAWA	100	100	100	100	0.82	100	409	946	1.12	0.32	100	100	100		
	HAMILTON	100	100	100	100	0.73	100	386	994	1.11	0.35	100	100	100		
	WINDSOR	100	100	100	100	0.81	100	310	676	1.29	0.44	100	100	100		
	OSHAWA	100	100	100	100	0.48	100	462	937	1.14	0.40	100	100	100		
1975	OTTAWA	130	170	135	133	192	0.57	343	392	923	1.27	0.47	142	144	104	
	HAMILTON	113	116	115	108	113	137	0.61	238	377	1038	1.31	0.42	119	127	105
	WINDSOR	121	123	98	98	122	139	0.71	166	381	833	1.47	0.50	141	142	100
	OSHAWA	115	110	118	120	141	132	0.51	220	449	898	1.37	0.46	120	110	101
1976	OTTAWA	144	178	148	146	169	235	0.59	361	399	933	1.41	0.52	158	161	104
	HAMILTON	114	114	121	110	136	163	0.61	262	366	1037	1.59	0.50	135	148	108
	WINDSOR	118	122	100	102	137	156	0.71	174	367	781	1.64	0.57	156	152	100
	OSHAWA	111	110	114	120	173	150	0.55	223	451	869	1.54	0.53	131	125	100
1977	OTTAWA	159	188	-	-	206	270	0.62	381	-	-	1.61	0.53	-	-	-
	HAMILTON*	108	125	-	-	141	193	0.54	263	-	-	1.72	0.62	-	-	-
	WINDSOR	123	124	-	-	142	171	0.67	231	-	-	1.78	0.61	-	-	-
	OSHAWA	112	111	-	-	179	164	0.52	236	-	-	1.68	0.58	-	-	-

* Based on estimates from M.T.C. and revenue/cost ratio for January-October from Regional Municipality of Hamilton-Wentworth.

Another revealing analysis of public transit costs in the Region of Hamilton-Wentworth is a comparison with costs and service performance statistics in other municipalities. Exhibit 10 presents a comparison of operating statistics for transit services in Ottawa-Carleton, Oshawa, Windsor and Hamilton. The exhibit indicates that the total direct costs per revenue mile, per passenger, per employee and per vehicle for the HSR are at least comparable to corresponding statistics in the other three municipalities, and in many cases less. In terms of the revenue/cost ratio, all systems show a decline in the revenue/cost ratio over the period as a result of the Provincial encouragement to hold fares down, but the decline in the revenue/cost ratio in Hamilton has been less than the decline in Ottawa even though Ottawa has experienced substantial ridership increases as a result of major service extensions. The exhibit may be summarized by stating that the HSR operation is at least as efficient as other public transit systems of similar size in Ontario.

SUMMARY OF COST IMPACTS

The foregoing analysis has shown that the cost increases are for the most part inflationary, and to a lesser extent due to increase in level of service. The increase in public transit deficits is a result of both provincial and local government efforts to hold down fare increases, and cannot be attributed to regionalization. The cost increases in some of the road functions described earlier can, in our view, be attributed not to the form of government, but to the process of transferring functions from one government to the other. The responsibility for this state of

affairs lies not only with the Regional Government itself, but also with the Provincial Government which restructured local government and bears a great deal of the responsibility for the manner of change.

Local government reorganization carries with it a great potential for establishing new internal management networks, but any change in such a large establishment also carries with it a great many risks. The old entity being phased out has a tendency to reduce expenditures on purchase and maintenance of equipment prior to the transfer of functions, or to defer the local tax liability by means such as debenturing which have resulted in some inequities as referenced above. There is also a great potential for career betterment by the individuals involved in the transfer, so that there will almost automatically be some increases in the general level of salaries as a new staff is assembled and the new duties are sorted out. In the beginning stages, the new unit must both make up for the lack of investment in time and resources by the outgoing entity, and invest a good deal of time and effort in starting up new programs and new ways to approach the problems of the larger entity. Thus the increase of salary levels within the Regional Roads Department, or the acquisition of the new machinery is entirely explainable in terms of this process of transition. In terms of the long term efficiency of the governmental entity, the start-up costs will disappear, but at the time of transition they can be significant.

The only way to avoid or at least decrease the impact of the start-up costs is to impose very rigid cost controls from an upper level. In this situation, it does not seem that the Province in fact set up an outgoing supervisory body to keep watch over the level of salaries given, the nature of contracts established by new entities, and the level of the investment both on the part of the outgoing and incoming governments. In fact, if anything, the Province encouraged such wage escalation by, for instance, guaranteeing that no staff member would be out of work as a result of the transfer, and the guarantee that the Regional Government would never decrease the benefits of its employees acquired from the former entities. This meant that the salary and benefit package of the employees who used to work in the lower wage agencies would have to be set as high as the wages and benefits of the employees transferring from the City of Hamilton. These guarantees fly in the face of the objective of Regional Government to achieve greater efficiencies through economies of scale.

For its part, we note that the Province has alleviated many of the start-up costs mentioned above through transitional grants. We were not able to compare comprehensively the extra start-up costs with the transitional grants, but there is good reason to believe that the Provincial assistance went a long way in defraying the impact of the start-up costs, although it is recognized that the transitional grants decline to zero over five years.

From this brief discussion, it should be clear that a number of lessons could be learned. First, the Province should develop better control procedures over the transition for a longer period of time and be willing to impose some rather rigid guidelines. Secondly, any thought of yet again reorganizing local government should take into account the significant start-up costs that such a reorganization would engender particularly in the administration of road systems.

III - OPTIMAL GOVERNMENT SIZE FOR TRANSPORTATION SERVICE DELIVERY

The preceding discussion has both explained the complexity of transportation service delivery within the Region and identified the areas of high costs and their causes. Based on this we can now turn to the question of what would be the best form of local government structure to deliver these services. This analysis will be done in two parts. In this section we will analyze what would be the optimum size unit for each of the transportation services. Based on these conclusions, we will then make recommendations in Section IV concerning the Review Commission's government structure options.

Our investigation has shown that easy generalizations concerning the best sized units are not possible. This is due to the fact that it is difficult to know from which vantage point one should be evaluating unit size. If one is looking at the problem of say road maintenance from the standpoint of the local citizens, then optimum size might in fact be a unit encompassing his local area to best respond to his particular needs, whereas if one was viewing the matter from the standpoint of the engineer in charge of the operation, a much wider area would be logical; if one was disbursing provincial funds to guarantee certain levels of services, a still larger unit might be "best". We found that in a number of transportation functions such as traffic signs or on street parking there would have to be a very small governmental unit in place in order for the local citizen to feel that it is directly responsive to his needs. But we also found that such units would, when viewed from the standpoint of the administration of the unit, be extremely inefficient.

We have some difficulty in making conclusions concerning the responsiveness question because our interviews with regional and area municipal politicians disclosed that, while part of the present perception of regional government as being aloof and unresponsive may be due to the structure of the governmental entity, a great deal of it would seem to be due to transition problems. The image of regional government in the public mind seems to reflect the lack of understanding yet of who does what service. Politicians are frequently called about a transportation problem over which they do not have control. The very complexity of the services and the use of a series of ad hoc arrangements during transition (i.e. the delay in the creation of the Regional Roads Engineering Department) has in fact made it somewhat difficult for the average citizen to know where he should attempt to voice a criticism or participate in a decision. Presumably with time these problems will dissipate.

The dilemma posed here is then the question of how one weighs the questions of responsiveness against those of efficiency. This dilemma is compounded by the fact that efficiency can mean not only the economic efficiency of the local unit of government itself but the efficiency of the Provincial level of government which must both help to fund it and co-ordinate its program with neighbouring local government units. What we have attempted to do here is to look at each of the patterns of service delivery and weigh them in terms of both responsiveness (i.e. the meaningfulness of local participation in the type of decision involved) and the practical financial considerations involved in delivering the service. This includes both staffing, numbers of equipment and management costs. We then add in the necessity of region wide planning and investment for the particular types of service involved. One can thus make a conclusion as to both the optimal size for the administrative unit and for the controlling political unit.

ROAD TRAFFIC CONTROL

Road traffic control is a service which requires region-wide coordination since it largely relates to the Regional Road System, and which requires the development of specialized expertise and equipment. Accordingly, road traffic control should be responsible to one unified administrative unit, which would provide services to other government units on a contract basis. The unified administrative unit could be either a one-tier or a two-tier government, but the area should embrace as much of the traffic control system as possible (i.e. essentially signalized intersections). Further, in the case of a two-tiered government structure, the traffic control department should be under the direct responsibility of the upper tier government responsible for the arterial road system, since clearly most of the traffic control function relates to the arterial road system and this would be the best procedure for determining and resolving priorities.

ROAD ENGINEERING AND PLANNING

After a series of discussions with various staff members and based on analysis of costs and responsibilities, we have concluded that there is a need for both a region-wide engineering administrative unit and a local road engineering capability. In view of the region-wide service role of the arterial roads (essentially the existing Regional Roads System), the overall planning of roads and their coordination lends itself to an upper level of administrative unit. However, we have also concluded that such a unit would not be particularly well suited to the planning and design of local road systems, since these tend very much to be a function of the particular traffic

volumes in the area and local land use and environmental considerations. Such a bifurcated administrative unit would of course fit best with a two-tier governmental unit. However, because the local engineering function is of a much smaller magnitude than the Regional road engineering function, and in some cases the local road engineering function is almost non-existent, the administration of these functions could, if necessary, be provided effectively by a one-tier government structure.

ROAD MAINTENANCE

Unlike transit and traffic control services, road maintenance is a function that requires a number of service depots to minimize response time and deadhead time and very few of the functions are specialized. Although the level of service varies by type of road being maintained, the basic procedures are very similar and can generally be carried out by one department. There are few economies to be derived from centralization of road maintenance services, with the possible exceptions being purchasing of materials and provision of certain specialized equipment. Accordingly, it would seem that road maintenance should be administered locally and such a local administrative unit could be responsible to either a series of autonomous local government units or a two-tier government system.

The road maintenance system as presently structured presents some excellent examples of the lower tier administrative unit providing services to the upper tier unit, such as the case of the City of Hamilton maintaining the Regional roads in the City. Two cautions are appropriate to point out: firstly, methods of control of performance and costs between

the supplying and contracting agency need to be established so that costs are equitable and service is carried out as required; secondly, the establishment of priorities needs to be effected so that the supplying agency is able to distinguish between the priority to maintain its own roads and the roads of the other municipality.

With respect to the existing road maintenance departments, the significant aspect of the above recommendation is that the current procedure in which the City of Hamilton provides road maintenance services to the Regional roads in the City should most certainly be continued. On a lower priority basis, the Region could, as opportunity presents itself, make arrangements with the area municipalities to have them provide maintenance services on the Regional roads in selective areas and for selective functions.

PUBLIC TRANSIT OPERATIONS

Public transit is a region-wide service and the level of service and cost efficiencies improve with economies of scale. This is to say that transit services are more efficient if provided by one agency rather than several agencies across the region. Accordingly, it is our view that public transit should be responsible to one unified administrative unit which at least embraces the service area of the transit system, which in this case is the urbanized part of the Region, and preferably embraces the entire Region. This operation could be provided as efficiently by one or two tier government systems. Regardless of the government system, better coordination among transportation modes, particularly road, transit and parking, needs to be achieved so that the provision of transit service is responsive to the total transportation policy objectives of the area, not just the particular needs of the local municipality as is now the practice.

Some further clarification of the above recommendations with regard to the particular transit operations in the Region is appropriate. Firstly, the above recommendations best suit the HSR operation. The CCL operation is an inter-regional service, and as such its operation should be coordinated by an inter-regional transportation coordinating committee, as discussed in Section IV. Secondly, the above recommendations should not exclude the possibility of specialized transit services operating where the HSR cannot operate efficiently, but that such operation should be under the responsibility of the unified government structure.

TAXI SERVICES

Taxi services are predominantly local in nature, although there is some inter-municipal service provided. The major problem with the existing administrative structure regarding taxi services is the inability of the area municipalities to enforce the local taxi by-laws without the assistance of the Regional Police. Accordingly, it is our opinion that taxi by-law enforcement should be the responsibility of the Regional Police Department and that the preparation of taxi by-laws be the responsibility of the same level of government. At the same time, we recognize that there is a substantial investment in the existing system in terms of value of taxi licenses issued, particularly for taxi operators in the City of Hamilton, so we would see no reason to change the procedure through which the area municipality issues taxi licenses, except where there is a regional-wide imperative, such as the provision of services which fall into the public transit domain. Accordingly, a structure in which the by-law establishment and enforcement is the function of the unified government structure and the issuing of

licenses is a function of the area municipalities fits best with a two-tier government unit. It would also work with a one-tier, unified government system for single or large government units, but regional conformity of by-law standards and enforcements would suffer if there were a multiplicity of government units within the one-tier system.

HAMILTON CIVIC AIRPORT

The Hamilton Civic Airport provides general aviation and air carrier services to the residents of the Region and the Niagara Peninsula in general. As such, the service area is at least region-wide and in many cases inter-regional. The operating deficit is fully covered by the City of Hamilton from the Ministry of Transport, so the airport is therefore no burden to the local tax payers.

In view of the extent of the service area, it is our view that the airport be administered at least by a regional-scale unit which is responsible to a region-wide governmental entity. In fact, recognizing its inter-regional nature, there could be strong arguments for a higher level of responsibility, such as would happen if the airport operation reverted back to the Ministry of Transport. However, some benefit would be lost in terms of responsiveness to the needs of the residents of the Region, so the recommended administrative structure in the short term is to have the airport operated by the Regional Government in a two-tier system or by the single largest area municipality in a one-tier government structure. Of the two structures, the two-tiered system or a unified one-tier system are preferred. If there are a number of municipalities in the one-tier government structure, a special purpose coordinating committee with representatives from the various municipal governments should be established to regulate operations of the airport.

PARKING

Parking is generally considered local in scale, although parking policy does have regional scale impacts in terms of the effects of on-street parking on the capacity of Regional roads and the effects of unconstrained parking demand on the requirements for Regional road capacity. Because of the impact of parking policy on regional-scale transportation services such as roads and public transit, the government agency responsible for the administration of regional scale roads and transit should have some responsibility in establishing parking policies. These controls might include the establishment of minimum parking charges and/or the right to levy a tax on parking, or the establishment of the numbers of parking spaces required by land use types. The provision of parking spaces should be a local responsibility, except on regional roads or parking which access directly onto Regional roads, in which case the Region should be responsible. The role of the area municipality in providing parking through zoning control most responsively satisfies the concerns of local neighbours and commercial establishments who are most affected by such decisions.

SUMMARY

This discussion points out that what is the optimum size of administrative unit for one type of service (e.g. public transit) will not be the optimum size unit for other services (e.g. parking or road maintenance). Similarly it shows that while some services could be provided efficiently with either a unified one-tier government structure or a two-tier structure, most of the services require a combination of regional control of some of their aspects and local control of other of

their aspects. Road engineering, parking and taxi services to a lesser extent involve both local and regional-scale services and, therefore, benefit most by a two tiered government structure. At the same time, these services could be made to function efficiently under a one-tier government structure, although there would likely be an important loss of responsiveness to local need under such a government structure. Road maintenance, traffic control, public transit and airport services could function equally well under two-tier or one-tier government structures.

With these conclusions in mind, we can now turn to the examination of the options for municipal government structure from the perspective of transportation services.

EXHIBIT 11

EVALUATION OF ALTERNATIVE GOVERNMENT STRUCTURES RELATIVE TO TRANSPORTATION SERVICE

<u>Government Structure</u>	<u>Coordination</u>	<u>Efficiency</u>	<u>Responsiveness</u>	<u>Cost of Change</u>	<u>Comments</u>
1. Former County System	Poor because not integrated with Hamilton	Poor - problems similar to #3	Good, except problem getting some services e.g. transit	Good - probably low cost to change	Undesirable because no recognition of inter-municipal service areas.
2. One Municipality	Very Good - corresponds to service area	Average - might lead to costly urban services in rural areas	Poor - too big; no logical separation of local and regional service	Average - run risk of inflated salaries outside present city	Desirable
3. Six Municipalities (Single Tier)	Poor - no structure for coordinating inter-municipal services	Poor - might lead to duplication of services e.g. transit, traffic control	Good - would be worse if province assumed more services	Poor - need level to assume regional services in local governments	Least desirable because lack of coordination at regional level and potential duplication
4. Enlarged City and Former County	Good if City embraces service areas. Potential problem outside	Average - reduces duplication potential relative to #3	Good in city; probably poor service in rural area (eg. transit)	Average	Better than 1 and 3, since better fits urban service areas
5. One Expanded Urban and One Rural Municipality	Good if City embraces service areas. Need coordination between municipalities.	Average - somewhat better than #4 by providing rural efficiencies	Average - rural too spread out	Average	Better than 4 since provides for rural needs
6. Present System	Very Good - Corresponds to service areas	Good - accommodates specialized services; possible inter-municipal charging problem.	Very Good - No change	Very Good - No change	Most desirable since corresponds to different service areas

IV- RECOMMENDATIONS FOR MUNICIPAL GOVERNMENT STRUCTURE FOR OPTIMUM TRANSPORTATION SERVICE DELIVERY

The preceding analysis has shown that any conclusion concerning local government structure should take into account a number of factors in the transportation service area. These factors include both the costs of the service delivery and the political accountability of the providers of the services. It should also be stressed that our analysis of financial costs in Section II and our discussion of political responsiveness in Section III have both shown that increased cost or poor political accountability can be blamed to a great extent upon the problems of transition from one established form of government to another. In the context of transportation services and these various factors, we will now examine each of the possible options for municipal government as established in the Review Commission's paper "Issues For Review".

Our examination of the alternative government structures considered four criteria as follows:

- coordination of transportation planning and delivery functions, which is measured in terms of the degree of correspondence between the government unit area and the service area of the transportation service,
- efficiency, which is measured in terms of the cost to the user and to the tax payer of delivering transportation services,
- responsiveness, which is measured in terms of the ability of the local residents to effect service changes to accommodate their needs,
- cost of change, which is a measurement of the transition costs from the existing government structure.

The following evaluation is presented for all forms of transportation service described earlier, but greater weight was given to the delivery of road and

public transit services because of their greater costs and utilization relative to the other three transportation services - taxicabs, airport and parking.

Option 1: A Return to the Former System
With a City of Hamilton, a County of Wentworth
and the Local Municipalities

We have concluded that from a standpoint of transportation services, this would be one of the least desirable forms of local government. As Section III has shown, in the transportation area a great many of the services are regional in scale. Of the seven sub-areas discussed, only road maintenance would seem to benefit from this option. The airport, public transit or the planning of a system of roads blending together an area this large cannot be done under the previous government structure with its series of boundaries that in no way reflect the demographic relationship of the people or the scale of the transportation services in the area. This, of course, is essentially due to the separation of the City of Hamilton from the rest of the government units. Integration of the City with the other government units would resolve many of these problems, but this would then be essentially the same structure as the present system of two-tiered government which is discussed below.

Viewed from the standpoint of transportation costs, one would not only lose the transition costs already spent by such a change back to the old system, but would generate a whole new set of start-up transition costs. If the old system could in fact be resuscitated, it would still have to have so many ad hoc regional arrangements for such services as transit, airports and roads, that there would be considerable duplication and costly overlaps.

This option has little to recommend it from the standpoint of transportation.

Option 2: A Complete Single-Tier Municipality of Hamilton-Wentworth So That the Lower Tier Municipalities are Abolished

We have concluded that of the various options this is one of the solutions which would seem to be very desirable. As Section III indicated, many of the transportation services lend themselves to a region-wide administrative unit.

The unitary system would, however, have some drawbacks in terms of political accountability and cost efficiencies. For instance in public transit, it might be less likely that local sector transit services would be carefully monitored in terms of their deficit costs and their local benefits. Similarly, local road planning and design might suffer from a uniformity that would encourage high cost urban-type roads in rural areas. Likewise in terms of responsiveness, the local needs of either road maintenance or parking might be overlooked. Finally, our cost data in Section II has shown that a transition to region-wide entities runs the risk of inflated salaries for the delivery of transportation services outside of the present urban area.

Option 3: Six Single-Tier Municipalities With Equal Authority So That The Upper Tier is Abolished

Viewed from the standpoint of transportation services, this is the worst of the various options. As shown in Section III, the bulk of the transportation services are regional in character and need regional coordination. The duplication and coordination problems between six autonomous municipalities in an area such as this would be extremely time consuming and costly. Furthermore, the transition costs would again be very high with little positive benefits that would seem to flow from the change.

Option 4: An Enlarged City of Hamilton to Include That Area to be Urbanized; Other Municipalities to be Formed into a New County System or Annexed to Adjacent Counties and Regions

While this option provides a better fit between the regional-scale transportation services and the government structure than do options 1 and 3, this option is still not particularly desirable from the standpoint of transportation services. Many of the transportation services described earlier have a regional-scale component that extends beyond the urbanized area to be included in the enlarged City of Hamilton that would not easily be dealt with between an urban local government and a separate entity or entities for the surrounding area. For instance, public transit, even in the outlying area, would have to focus on the shopping and employment magnet of the City of Hamilton and thus would incur substantial duplication costs and provide lower levels of service than the unified transit system. Similarly there are major arterial roads which cross the boundaries between the urbanized and non-urbanized government units and the planning and design of these regional scale roads would have to be coordinated by the two government units - a time consuming and costly consequence.

On the positive side, however, a number of the services such as parking, road maintenance and local road engineering could be accommodated under such a system. Some of the other services, such as traffic control, taxi services and to a lesser extent the airport, could also be accommodated but not as well as under a larger scale administrative unit. There would also be a high set of start-up and transition costs to change to this form of government which would seriously increase the cost of government for a considerable period of time.

Option 5: An Enlarged City of Hamilton
and a Single-Tier Municipality

This option presents some improvements over Option 4, but at the same time creates some greater problems. In terms of improvement, the option affords the opportunity for the rural municipalities to consolidate the delivery of services thereby achieving some economies of scale and improved coordination in planning and design. On the negative side, however, this option creates a reasonably strong rural unit which may make it more difficult for the urban and rural government units to reach accommodation on matters of regional-scale concern such as major new road building programs. While in Option 4 there is some likelihood that the enlarged City of Hamilton would be able to develop and implement region-wide programs, under Option 5 there is a good possibility that the City would be unable to make any significant impact beyond its geographic boundaries. It should perhaps be mentioned here that in England, where such urban and rural entities were established, there were a great many difficulties in the transportation area and a continuous confrontation between the two entities. The central government there had to continually make settlements between the two entities which led to delay and high costs.

Like many of the other options, this option suffers again from substantial transition and start-up costs.

Option 6: Continuation of the Present Two-Tier Regional Government System with any Appropriate Modifications in Function and Number and Size of Constituent Municipalities

Of all the possible options, this seems to be the most desirable from the standpoint of transportation services. This two-tier system allows both region-wide planning and administration of regional-scale

programs, but it also allows for local accountability for those services or aspects of those services which are local in nature. As Section III demonstrates, there is a need for region-wide administration of a good many of the transportation services, but there is also a need for local control of such functions as parking, bus routes, local road design and maintenance. Furthermore, since a great deal of the increased financial costs can be seen to be due to transitional problems from the existing system to a new system, this option would have the lowest transition costs of any of the options.

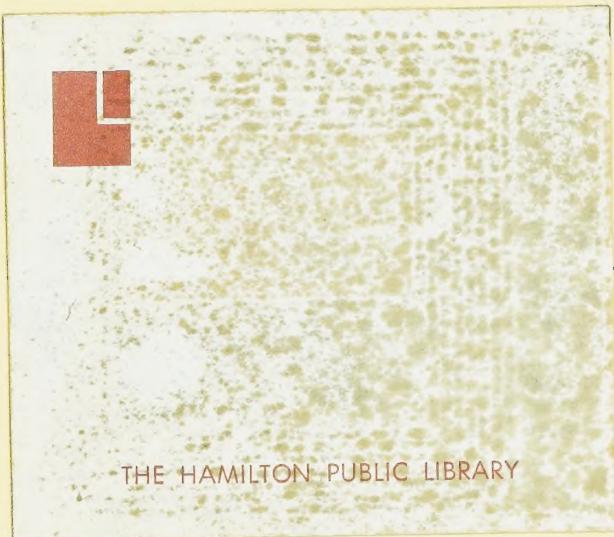
While this is the best option from a transportation viewpoint, there are meaningful changes which could be made to the system which would carry with them low transition costs and improved efficiency. These are as follows:

1. The planning and programming of all regional-scale transportation services should be the responsibility of a Transportation Committee of Regional Council. This Committee should be charged with developing a comprehensive transportation policy for the Region, to include Regional roads, public transit, parking, Hamilton Airport and taxi services.
2. An inter-regional transportation coordinating committee consisting of representatives from the Region of Hamilton-Wentworth and the neighbouring regional municipalities and counties should be established to coordinate the planning of the regional-scale facilities mentioned above which have inter-regional consequences, such as certain CCL routes/services and access to Hamilton Airport.
3. The province should assist in establishing the inter-regional transportation coordinating committee mentioned above and provide the basis for funding the planning programs of this committee through the extension of existing assistance programs. This planning should include provincial facilities as these impact regional or inter-regional concerns.
4. Consideration should be given to the Region delegating more road maintenance functions to the area municipalities, with the Region to assume a coordinating role in terms of standards and in terms of providing certain centralized services such as purchasing and specialized equipment.

5. Traffic control services should be put under the direction of the Regional Transportation Committee since the Region is the main user of the services. Consideration should be given to sub-contracting some of the routine functions to the area municipalities.
6. The Region, in concert with the Ministry of Transportation and Communications, should establish improved inter-municipal charging procedures and control of work quality procedures to ensure that work contracted between the municipalities is performed efficiently and effectively.
7. The Regional Transportation Committee should have better control over the provision of public transit services in function of the total regional transportation policy role described above. This should also include a restructuring of the process of allocating the transit deficits from a "user pay" basis to a concept in which the deficit is shared across the Urban Transit Service Area in some proportion to equalized assessment, as is the case for other regional transportation services and regional services in general.
8. The Region should re-initiate its earlier request to the Province to provide 100% subsidy on the inter-regional Canada Coach Lines service similar to the arrangement for funding the GO Transit Services, or failing this should proceed to transfer regional services to the HSR, amend the Urban Transit Area to correspond to the regional area, and liquidate the remaining operation of the CCL.
9. A regional parking policy should be established by the Regional Transportation Committee as part of the total transportation policy discussed above.
10. The operation of the Hamilton Civic Airport should be transferred to the Region and the inter-regional transportation coordinating committee should include within its terms of reference the planning for the airport as input to the federal/provincial/municipal discussion of the future of the airport.
11. The Regional Transportation Committee should assume the responsibility for preparing a regional taxi by-law and the Regional Police should be responsible for enforcing the by-law. The issuing of taxi licenses should continue to be the responsibility of the area municipalities, under the monitoring of the Regional Transportation Committee.

To conclude, we would recommend that the present two-tier system of government is, both in the context of the services provided and in the light of the high transition costs engendered by bureaucratic change, the best form of local government with regard to the delivery of transportation

services. A single tier form of government (Option 2) could possibly be made to function effectively, but it would carry with it high transition costs. Any of the other options would seem to pose serious problems with regard to the delivery of transportation services.



HAMILTON PUBLIC LIBRARY



3 2022 21292551 1